December 19, 2005 DRAFT

PLAN FOR IN-STATION DIAGNOSTICS (ISD) COST-EFFECTIVENESS REVIEW

OBJECTIVE: Review the ISD cost-effectiveness as directed in ARB Resolution 02-35 dated December 12, 2002:

> *BE IT FURTHER RESOLVED that the Board directs the Executive Officer and Board staff to assess, following the initial certification of the first EVR Phase II system with in-station diagnostics (ISD), the capital cost impacts of ISD on smaller through-put GDFs. The Executive Officer and Board staff are directed to complete the assessment within18 months after the initial certification of an ISD equipped system.*

PLAN: Work with local air districts and gasoline marketers to identify gasoline dispensing facilities (GDF) planning to install ISD. Collect ISD cost data (equipment, installation and maintenance costs) from the station operators and update the EVR cost analysis to recalculate ISD cost-effectiveness for throughput categories GDF 1, GDF 2 and GDF 3. The ISD cost-effectiveness is the annual ISD costs divided by the annual emission reductions attributed to ISD. The ISD cost-effectiveness for each GDF category as calculated in 2002 is as follows:

	GDF 1	GDF 2	GDF 3	GDF 4	GDF 5
Throughput Range (gallons/month)	< 25,001	25,001 - 50,000	50,001 - 100,000	100,001 - 200,000	> 200,000
ISD Annual costs/ Annual Emission Reductions ($/lb)	0 (no ISD)	$11.46 (no ISD*)	$7.04	$4.11	$2.29

*GDF2 ISD exemption added at Dec. 2002 board meeting

The ISD emission reductions will also be reviewed and revised if necessary. Details on the methodology for the ISD cost-effectiveness calculations are described in the staff reports for the March 2000 EVR and December EVR Technology Review rulemakings available via http://www.arb.ca.gov/vapor/regulatory.htm.

SCHEDULE: Tasks to be completed by ARB staff by dates below:

February 1, 2006	Identify minimum of twenty facilities with ISD installed or to be installed by April 2006 in at least six districts.
March 1, 2006	Mail-out survey to station owners/gasoline marketers requesting ISD cost data (equipment, installation, testing, and other costs).

April 1, 2006	Follow-up with station owners as needed regarding missing or questionable data. Prepare and provide status report on data collection and preliminary cost estimates to CAPCOA Vapor Recovery Committee chair. Review ISD emission estimates and revise as needed.
May 1, 2006	Draft ISD cost-effectiveness calculations available for CAPCOA Vapor Recovery Committee review.
July 1, 2006	Draft ISD cost-effectiveness calculations and assessment report available for air district and industry review.
September 1, 2006	Finalize ISD cost-effectiveness calculations and assessment report with input from air districts and industry. If warranted, recommend modifications to CP-201.